

Message Text

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41

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NEA-06 EUR-08 PM-03 INR-05 CIAE-00

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FM AMEMBASSY DOHA

TO SECSTATE WASHDC 0310

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KINSHASA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

C O N F I D E N T I A L DOHA 0366

LIMDIS

EO 11652: GDS

TAGS: ENRG, QA

SUBJ: QATAR: HOST GOVERNMENT POSITIONS FOR A CONSUMER/PRODUCER
CONFERENCE

REF: A) STATE 67363; B) STATE 58837; C) DOHA 0312 (NOTAL)

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1. REF (C) PROVIDES OUR MOST RECENT SUMMARY OF GOQ POSITIONS

ON ISSUES LISTED PARA 4 REF (B). IN CONVERSATION WITH AMB REPORTED REFTEL (C), GOQ MINISTER OF FINANCE AND PETROLEUM SHAYKH ABDUL AZIZ BIN KHALIFA AL THANI STATED THAT FULL CONSUMER/PRODUCER CONFERENCE MUST HAVE VERY BROO 0-458:80-589,. ABDUL AZIZ ALSO TOOK OCCASION TO EMPHASIZE PREVIOUSLY REPORTED GOQ INTENTION TO MAINTAIN CURRENT PRICES IN FACE OF FALLING PRODUCTION. GOQ HAS SAID IT WILL PRESERVE ITS OIL REVENUES, AND ABDUL AZIZ TOLD AMBASSADOR THAT IF NECESSARY, OPEC MUST INSTITUTE PRODUCTION ALLOCATIONS TO PROTECT REVENUES OF SMALLER PRODUCERS.

2. IN MARCH 16 PRESS INTERVIEW (ALSO REPORTED REF C), ABDUL AZIZ SAID PRODUCERS NOT RESPONSIBLE FOR PRESENT ECONOMIC TURMOIL SINCE THERE MUST BE BALANCE IN PRICES BETWEEN OIL AND MANUFACTURED GOODS; WHEN INDUSTRIAL STATES RAISE PRODUCT PRICES, PRODUCERS HAVE "RIGHT" TO RAISE OIL PRICES IN PROPORTION. IN PAST, GOQ HAS REPEATEDLY STRESSED NEED FOR INDEXATION OF OIL PRICES AND OTHER COMMODITIES.

3. GOQ IS STRONG BELIEVER IN CONSERVATION OF PETROLEUM RESOURCES. PRESENT PRODUCTION CEILING OF 520,000 BPD IS SLIGHTLY LESS THAN 75 PER CENT OF PRODUCTION CAPACITY. THIS IS HIGHEST PERCENTAGE VOLUNTARILY SHUT IN BY ANY OPEC PRODUCER. ALTHOUGH GOQ INTENDS TO DO EVERYTHING POSSIBLE TO MAINTAIN CURRENT REVENUES, ABDUL AZIZ SAID THAT QATAR WILL NOT SUFFER IF PRODUCTION DROPS AND NOTED THAT PRESENT LEVEL OF APPROXIMATELY 500,000 BPD IS ROUGH AVERAGE BETWEEN TOTAL CAPACITY AND MINIMUM NECESSARY TO KEEP COUNTRY GOING.

4. ON SUBJECT OF INVESTMENT POLICIES, WE UNDERSTAND THAT GOQ HAS MOST OF ITS SURPLUS REVENUES IN SHORT TERM HOLDINGS IN EUROPE AND TO LESSER EXTENT US. IT APPEARS BOTH POLITICAL AND ECONOMIC FACTORS WILL RESTRICT GOQ INVESTMENTS IN US AT LEAST IN NEAR FUTURE. MEMBER OF GOQ INVESTMENT BOARD TOLD US THAT GOQ DOES NOT PLACE INVESTMENTS ABROAD STRICTLY ON THE BASIS OF ECONOMIC CONSIDERATIONS. POLITICAL FACTORS ARE ALSO TAKEN INTO ACCOUNT, SPECIFICALLY DEGREE OF SUPPORT GIVEN BY A FOREIGN GOVERNMENT TO ISRAEL. AN ADVISOR TO THE BOARD STATED THAT PRESENT SITUATION IN US DOES NOT MAKE EITHER SHORT OR LONG TERM INVESTMENTS PARTICULARLY ATTRACTIVE. GOQ HAS STATED PUBLICLY CONFIDENTIAL

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THAT INVESTMENT PRIORITIES ARE AS FOLLOWS: (1) OTHER ARAB STATES, (2) LDCE, (3) INVESTMENT IN INDUSTRIALIZED CONSUMER COUNTRIES. IN PRACTICE, HOWEVER, GOQ HAS FOUND FEW ALTERNATIVES TO AT LEAST SHORT TERM INVESTMENT IN WEST. AID TO ARAB STATES AND LDCE TOTALLED ONLY A FRACTION OF QATAR'S ESTIMATED \$1.5 BILLION IN SURPLUS REVENUES FOR 1974.

5. COMMENT: GOQ IS NOT INNOVATOR OR INITIATOR AND CAN GENERALLY

BE EXPECTED TO CONFORM TO OPEC CONSENSUS ON MOST ISSUES RAISED
AT PREPCON. WITHIN OPEC CONTEXT, SAUDI VIEWS GENERALLY HAVE
DOMINATING INFLUENCE WITH GOQ. HOWEVER, GOQ MAY DIFFER WITH
LARGER PRODUCERS OVER QUESTION OF PRODUCTION ALLOCATIONS.
AS NOTED ABOVE, QATAR STRONGLY FAVORS ALLOCATIONS AS MEANS OF
PRESERVING REVENUES, AND THIS COULD PUT IT AT ODDS WITH SAUDIS
AMONG OTHERS.
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